

Message Text

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17

ACTION EB-07

INFO OCT-01 EA-06 NEA-09 ISO-00 CIAE-00 COME-00 DODE-00

DOTE-00 FMC-01 INR-07 NSAE-00 CG-00 OFA-01 DLOS-03

SS-15 L-02 H-02 NSC-05 OES-03 INT-05 FEA-01 /068 W

----- 032793

O R 151020Z MAY 75

FM AMCONSUL BOMBAY

TO MARAD IMMEDIATE

INFO SECSTATE WASHDC 5360

DFSC CAMERON STATION VA

DRF-PAC CAMP H.M. SMITH HI

USNAVOFF SINGAPORE/DFSC-PQAO

COMSC WASHDC

AMEMBASSY NEW DELHI

AMCONSUL MADRAS

LIMITED OFFICIAL USE BOMBAY 1152

E.O. 11652: N/A

SUBJECT: SALE OF TRANS HURON HULK

REF: BOMBAY 1133

1. GOI DIRECTOR GENERAL OF SHIPPING S.V. BHAVE ASKED US ALL TO CALL MAY 15 TO FILL US IN ON BACKGROUND OF CABLE WE RECEIVED FROM RECEIVER OF WRECK (REFTEL) WHICH HE HOPES "WILL HELP WASHINGTON COME TO DECISION" CONCERNING TRANS HURON SETTLEMENT. GOI NAUTICAL ADVISOR P.S. VANCHISWAR SAT IN.

2. BHAVE STRESSED THAT DEPOSIT OF ONE AND A QUARTER MILLION DOLLARS WOULD COVER RELEASE OF BOTH HULK AND OIL, BOTH OF WHICH ARE PART OF "WRECK". THE FIGURE IS NOT A FINAL ONE, AND WOULD BE SUBJECT TO SOME ADJUSTMENT AS FINAL ACCOUNTING IS MADE. HOWEVER, NO PART OF WRECK CAN BE RELEASED UNTIL THIS DEPOSIT IS MADE, AND MARAD SHOULD NOT RPT NOT CONTINUE WITH NEGOTIATIONS WITH NEW INDIA STEEL INDUSTRIES SINCE WRECK CANNOT RPT NOT BE LIMITED OFFICIAL USE

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RELEASED UNTIL THE DEPOSIT IS PLACED WITH RECEIVER OF WRECK.

3. BHAVE SAID USG HAS THREE ALTERNATIVES AT THIS POINT: (A) MAKE DEPOSIT AND SECURE IMMEDIATE RELEASE OF HULK AND OIL: (B) NOT MAKE DEPOSIT, BUT PARTICIPATE IN AUCTION, POSSIBLY BUYING HULK; OR (C) NOT MAKE DEPOSIT AND LET SHIP BE AUCTIONED, WITH SALE PRICE DEDUCTED FROM TOTAL SALVAGE CHARGES. ONLY PERSON LIKELY TO GAIN FROM THIRD PURCHASE HULK FOR VERY LOW PRICE.

4. BHAVE INDICATED THAT IF THIRD ALTERNATIVE IS ONE CHOSEN BY MARAD, NEGOTIATIONS COULD BE CONTINUED FOR RELEASE OF OIL, ALTHOUGH HE INDICATED TOTAL SALVAGE COSTS WOULD HAVE TO BE PAID BEFORE OIL CAN BE RELEASED. WE INDICATED IN THIS REGARD THAT OIL WAS AND IS PROPERTY OF USG. BHAVE/VANCHISWAR COUNTERED THAT DIRECTORATE GENERAL OF SHIPPING HAS CONSIDERED USG OWNER OF TRANS HURON SO OIL AND HULK SHARED SAME OWNER, THE USG. FACT THE TWO HAVE BECOME "COMPARTMENTALIZED" WITHIN USG BUREAUCRACY DOES NOT GET AWAY FROM FACT BOTH OWNED BY SAME ENTITY.

IN AN EARLIER CONVERSATION, VANCHISWAR EXPRESSED SOME SURPRISE THAT DIRECTORATE GENERAL OF SHIPPING HAD NEVER HEARD ANYTHING FROM TRANS HURONS' UNDERWRITERS. SINCE SHIP HAD BEEN DECLARED CONSTRUCTIVE LOSS, HE SAID, IT WOULD SEEM REASONABLE TO ASSUME INSURERS AND/OR UNDERWRITERS WOULD HAVE BEEN IN CONTACT WITH DIRECTORATE OF SHIPPING. BHAVE/VANCHISWAR BOTH EXPRESSED SOME SURPRISE THAT MARAD HAD BEEN IN DIRECT TOUCH WITH RECEIVER OF WRECK, STATING THEY WOULD HOPE SUCH COMMUNICATIONS WOULD BE SENT TO RECEIVER OF WRECK THROUGH DIRECTORATE GENERAL OF SHIPPING VIA CONGEN.

6. WE GAINED IMPRESSION BHAVE/VANCHISWAR WOULD LIKE TO SEE TRANS HURON CASE SETTLED. BHAVE SAID STORAGE COSTS FOR OIL INCREASE EVERYDAY, SAYING IT IS TO USG'S ADVANTAGE TO GET THE CASE OUT OF THE WAY. WE INFORMED THEM DISPOSITION OF OIL IS UNDER ACTIVE CONSIDERATION, AND GAVE THEM SUBSTANCE OF COMSC N/4365/M7.

7. THE MEETING CLOSED WITH BOTH MEN STRESSING THAT URGENCY IS NECESSARY SINCE AUCTION SCHEDULED FOR MAY 21. THEY ARE ONLY TRYING TO BE HELPFUL, THEY SAID, INDICATING THEY HOPE VERY LIMITED OFFICIAL USE

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MUCH THAT ASHINGTON CAN MAKE SOME SORT OF DECISION IN THE NEXT FEW DAYS. WE AGREED TO KEEP THEM INFORMED IF WE HEAR ANYTHING.
BANE

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Margaret P. Grafeld
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